



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)

(Implements RCW 34.05.310)
Do NOT use for expedited rule making

Agency: Department of Revenue

Subject of possible rule making: WAC 458-20-186 Tax on Cigarettes

Statutes authorizing the agency to adopt rules on this subject: RCW 82.32.300, 82.01.060(2), and 82.24.235.

Reasons why rules on this subject may be needed and what they might accomplish: WAC 458-20-186 (Rule 186) provides tax-reporting information to persons who sell, use, consume, handle, possess, or distribute cigarettes. The rule explains who is liable for the tax, how and when the cigarette tax imposed by Chapter 82.24 is to be paid, and the record keeping requirements. It also explains the application process for wholesale and retail cigarette vendor licenses, and the responsibilities of persons making "delivery sales" into this state. It includes references to statutory fees, bonding requirements, and explains the conditions for and process of application for reinstatement of a license following a revocation under the Administrative Procedure Act.

The Department anticipates revising Rule 186 to update existing information and incorporate legislative amendments to Chapter 82.24 RCW. The Department also plans to clarify that the "stamping allowance" for wholesalers is income, not merely a discount on the price of the stamps; accordingly, it is subject to business and occupation tax.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: While the Department of Revenue has the exclusive authority to administer the cigarette tax program, the Liquor Control Board has primary authority for enforcement of the cigarette tax laws. The Department has and will continue to consult with the Liquor Control Board during any rule-making activity.

Process for developing new rule (check all that apply):

☐ Negotiated rule making

☐ Pilot rule making

☐ Agency study

☒ Other (describe) Parties interested in this rule making may contact the individual listed

below. The public may also participate by providing written comments throughout this rule making or giving oral testimony at the public meeting or public hearing.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

Written comments may be submitted by mail, fax, or at the public meeting. Oral comments will be accepted at the public meeting. A preliminary draft of possible rule changes is available for viewing and printing on our website at: <http://dor.wa.gov/content/laws/RuleMaking/default.aspx>. Written comments on and/or requests for copies of the rule may be directed to: Margaret J. Partlow, Interpretations and Technical Advice Unit, P. O. Box 47453, Olympia, WA 98504-7453; e-mail: margaretpa@dor.wa.gov; phone: (360) 570-6123; FAX (360)586-5543.

Public meeting location:

Capitol Plaza Building
4th Floor Executive Conference Room.
1025 Union Avenue SE
Olympia, Washington

Assistance for persons with disabilities:

Contact Sandy Davis no later than 10 days before the meeting date. TTY 1-800-451-7985 or (360) 725-7499.

Date: June 28, 2006 **Time:** 1:30 p.m.

Date

Name (type or print)

Alan R. Lynn

Signature

Title

Rules Coordinator

Filed: May 24, 2006

Time: 9:51 a.m.

WSR: 06-11-170

The above information was input by DOR